



General Assembly

February Session, 2004

**Amendment**

LCO No. 4989

\*SB0050404989SD0\*

Offered by:

SEN. LEBEAU, 3<sup>rd</sup> Dist.

SEN. FINCH, 22<sup>nd</sup> Dist.

REP. URBAN, 43<sup>rd</sup> Dist.

To: Subst. Senate Bill No. 504

File No. 267

Cal. No. 206

**"AN ACT REQUIRING INDEPENDENT FINANCIAL ANALYSIS FOR  
URBAN REINVESTMENT ACT PROJECTS THAT REQUIRE  
LEGISLATIVE OVERSIGHT."**

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Subsection (j) of section 32-9t of the general statutes is  
4 repealed and the following is substituted in lieu thereof (*Effective from*  
5 *passage*):

6 (j) The credits allowed by this section may be claimed by a taxpayer  
7 who has made an investment (1) directly only if such investment has a  
8 total asset value of not less than [twenty] ten million dollars; (2)  
9 through a fund managed by a fund manager registered under this  
10 section only if such fund: (A) Has a total asset value of not less than  
11 sixty million dollars for the income year for which the initial credit is  
12 taken; and (B) has not less than three investors who are not related

13 persons with respect to each other or to any person in which any  
14 investment is made other than through the fund at the date the  
15 investment is made; or (3) through a community development entity.

16 Sec. 2. Subsection (i) of section 32-9t of the general statutes is  
17 repealed and the following is substituted in lieu thereof (*Effective from*  
18 *passage*):

19 (i) (1) There shall be allowed as a credit against the tax imposed  
20 under chapters 207 to 212a, inclusive, or section 38a-743, or a  
21 combination of said taxes, an amount equal to the following  
22 percentage of approved investments made by or on behalf of a  
23 taxpayer with respect to the following income years of the taxpayer:  
24 (A) With respect to the income year in which the investment in the  
25 eligible project was made and the two next succeeding income years,  
26 zero per cent; (B) with respect to the third full income year succeeding  
27 the year in which the investment in the eligible project was made and  
28 the three next succeeding income years, ten per cent; (C) with respect  
29 to the seventh full income year succeeding the year in which the  
30 investment in the eligible project was made and the next two  
31 succeeding years, twenty per cent. The sum of all tax credits granted  
32 pursuant to the provisions of this section shall not exceed one hundred  
33 million dollars with respect to a single eligible urban reinvestment  
34 project or a single eligible industrial site investment project approved  
35 by the commissioner. The sum of all tax credits granted pursuant to  
36 the provisions of this section shall not exceed five hundred million  
37 dollars, provided not less than one hundred fifty million dollars of  
38 such tax credits shall be designated for: (i) Eligible projects relating to  
39 any economic cluster initiative recognized by the Commissioner of  
40 Economic and Community Development, and (ii) eligible projects  
41 relating to technology utilizing renewable energy, as defined in section  
42 16-245n, as amended.

43 (2) Notwithstanding the provisions of subdivision (1) of this  
44 subsection, any applicant may, at the time of application, apply to the  
45 commissioner for a credit that exceeds the limitations established by

46 this subsection. The commissioner shall evaluate the benefits of such  
47 application and make recommendations to the General Assembly  
48 relating to changes in the general statutes which would be necessary to  
49 effect such application if the commissioner determines that the  
50 proposal would be of economic benefit to the state.

51 Sec. 3. (NEW) (*Effective October 1, 2004*) As used in sections 3 to 7,  
52 inclusive, of this act and section 32-235 of the general statutes, as  
53 amended by this act:

54 (1) "Financial institution" means any trust company, bank, savings  
55 bank, credit union, savings and loan association, insurance company,  
56 investment company, mortgage banker, trustee, executor, pension  
57 fund, retirement fund or other fiduciary or financial institution.

58 (2) "Microenterprise" means any business, new or existing, with ten  
59 or fewer employees and annual gross revenues of less than five  
60 hundred thousand dollars, including home-based and owner-operated  
61 businesses.

62 (3) "Microloan generating organization" means any community-  
63 based nonprofit organization that is capable of providing the services  
64 enumerated in section 5 of this act.

65 (4) "Nonstate funds" means funds that come from any source,  
66 including private foundations, federal or local governments, quasi-  
67 governmental entities or financial institutions, but does not mean  
68 funds appropriated by the General Assembly.

69 (5) "Program" means the microloan program for microenterprises.

70 Sec. 4. (NEW) (*Effective October 1, 2004*) (a) There is established a  
71 pilot microloan program for microenterprises. The Department of  
72 Economic and Community Development shall (1) provide microloans,  
73 not to exceed fifty thousand dollars, to microenterprises within the  
74 state in accordance with subsection (f) of this section, (2) provide  
75 grants, not to exceed twenty-five thousand dollars, to microloan

76 generating organizations in accordance with section 6 of this act, and  
77 (3) identify and coordinate nonstate funds that may be available to  
78 fund the program.

79 (b) There is established an account to be known as the "microloan  
80 revolving account for microenterprises" which shall be a separate,  
81 nonlapsing account within the General Fund. The account shall  
82 contain (1) any moneys allocated pursuant to subsection (c) of this  
83 section, and (2) any moneys required by law to be deposited into the  
84 account, including, but not limited to, any moneys appropriated by the  
85 state, any proceeds from the sale of state bonds pursuant to section 32-  
86 235 of the general statutes, as amended by this act, and interest  
87 payments and principal payments on microloans, minus reasonable  
88 and necessary expenses incurred by the Department of Economic and  
89 Community Development in administering microloans and grants  
90 under the program established under this subsection. Any balance  
91 remaining in the account at the end of any fiscal year shall be carried  
92 forward in the account for the next succeeding fiscal year. The account  
93 shall be used to make microloans in accordance with subsection (f) of  
94 this section, to make grants to microloan generating organizations in  
95 accordance with section 6 of this act, and to pay reasonable and  
96 necessary expenses incurred by the Department of Economic and  
97 Community Development in administering such microloans and  
98 grants under the program established under this subsection.

99 (c) The Department of Economic and Community Development  
100 may, at its discretion, transfer any of its available appropriations, bond  
101 proceeds and any nonstate funds to the account established under  
102 subsection (b) of this section. The Department of Economic and  
103 Community Development may participate with other lenders in loans  
104 to applicants in order to leverage the funds being loaned.

105 (d) In order to qualify for a microloan an applicant shall present  
106 evidence satisfactory to the Department of Economic and Community  
107 Development that the amount loaned from the account established  
108 under subsection (b) of this section shall be matched by nonstate funds

109 equivalent to one dollar for each one dollar loaned from the account, or  
110 by an in-kind equivalent for each one-dollar loaned from the account.

111 (e) Any microloan shall be used by a microenterprise for business  
112 start-up costs or the day-to-day operation of the business, in  
113 accordance with policies established by the Department of Economic  
114 and Community Development pursuant to subsection (g) of this  
115 section. The proceeds from any microloan made pursuant to this  
116 section shall not be used by the microenterprise for the refinancing of  
117 existing loans.

118 (f) Each microenterprise applying for a microloan under subsection  
119 (a) of this section shall submit an application in such form and  
120 containing such information as the Department of Economic and  
121 Community Development shall require. Security for the microloan  
122 shall be in accordance with underwriting and collateral requirements  
123 established by the Department of Economic and Community  
124 Development pursuant to subsection (g) of this section. In addition to  
125 any other conditions of default under the microloan, the  
126 microenterprise shall be in default if the microloan is not used for the  
127 purposes set forth in subsection (e) of this section.

128 (g) The Department of Economic and Community Development  
129 shall establish policies and procedures to carry out the provisions of  
130 this section. Such policies and procedures shall provide for microloan  
131 repayment terms, interest and security requirements, default and  
132 remedy provisions, and such other terms and conditions as the  
133 Department of Economic and Community Development deems  
134 appropriate.

135 Sec. 5. (NEW) (*Effective October 1, 2004*) Grants made by the  
136 Department of Economic and Community Development to microloan  
137 generating organizations shall be used to:

138 (1) Identify appropriate microloan applicants state-wide;

139 (2) Evaluate the need for a prospective microloan applicant's

140 business in the community in which the microenterprise is or would be  
141 located;

142 (3) Evaluate community support for a prospective microloan  
143 applicant's business in the community in which the microenterprise is  
144 or would be located;

145 (4) Work in conjunction with other community-based nonprofit  
146 organizations, state and federal agencies and with the Department of  
147 Economic and Community Development to assist prospective  
148 microloan applicants in preparing and finalizing business plans;

149 (5) Assist prospective microloan applicants in obtaining and  
150 submitting microloan applications in accordance with subsection (f) of  
151 section 4 of this act;

152 (6) Assist prospective microloan applicants in identifying and  
153 accessing other appropriate business resources, including those  
154 providing business management training;

155 (7) Track client data, level of service and outcome of services  
156 provided; and

157 (8) Submit regular reports to the Department of Economic and  
158 Community Development based on the grant agreement with the  
159 microloan generating organization.

160 Sec. 6. (NEW) (*Effective October 1, 2004*) The Department of  
161 Economic and Community Development shall consider the following  
162 criteria in making a grant to a microloan generating organization:

163 (1) Sources and sufficiency of operating funds for the microloan  
164 generating organization;

165 (2) The ability of the microloan generating organization to provide  
166 the services required under section 5 of this act; and

167 (3) The proven ability of the microloan generating organization to

168 identify and prepare successful applicants for economic assistance  
169 programs similar to the program established in sections 3 to 7,  
170 inclusive, of this act.

171       Sec. 7. (*Effective October 1, 2004*) Not later than June 30, 2006, the  
172 board of directors, established in accordance with section 8-240l of the  
173 general statutes, as amended, shall submit a report, in accordance with  
174 section 11-4a of the general statutes, of the status and results of the  
175 pilot microloan program for microenterprises established under  
176 section 4 of this act to the joint standing committee of the General  
177 Assembly having cognizance of matters relating to commerce.

178       Sec. 8. Subsections (a) and (b) of section 32-235 of the general  
179 statutes are repealed and the following is substituted in lieu thereof  
180 (*Effective October 1, 2004*):

181       (a) For the purposes described in subsection (b) of this section, the  
182 State Bond Commission shall have the power, from time to time to  
183 authorize the issuance of bonds of the state in one or more series and  
184 in principal amounts not exceeding in the aggregate five hundred five  
185 million [three] four hundred thousand dollars, provided ten million  
186 dollars of said authorization shall be effective on July 1, 2003.

187       (b) The proceeds of the sale of said bonds, to the extent of the  
188 amount stated in subsection (a) of this section, shall be used by the  
189 Department of Economic and Community Development for the  
190 purposes of sections 32-220 to 32-234, inclusive, [and] for the  
191 Connecticut job training finance demonstration program pursuant to  
192 sections 32-23uu and 32-23vv, and for the pilot microloan program for  
193 microenterprises established under section 4 of this act provided, (1)  
194 three million dollars shall be used by said department solely for the  
195 purposes of section 32-23uu and not more than five million two  
196 hundred fifty thousand dollars of the amount stated in said subsection  
197 (a) may be used by said department for the purposes of section 31-3u,  
198 (2) not less than one million dollars shall be used for an educational  
199 technology grant to the deployment center program and the nonprofit

200 business consortium deployment center approved pursuant to section  
201 32-411, [and] (3) not less than two million dollars shall be used by said  
202 department for the establishment of a pilot program to make grants to  
203 businesses in designated areas of the state for construction, renovation  
204 or improvement of small manufacturing facilities provided such grants  
205 are matched by the business, a municipality or another financing  
206 entity, and (4) not less than one hundred thousand dollars of the  
207 amount stated in subsection (a) shall be used to fund the microloan  
208 revolving account for microenterprises established under subsection  
209 (b) of section 4 of this act. The commissioner shall designate areas of  
210 the state where manufacturing is a substantial part of the local  
211 economy and shall make grants under such pilot program which are  
212 likely to produce a significant economic development benefit for the  
213 designated area."

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>October 1, 2004</i>
Sec. 4	<i>October 1, 2004</i>
Sec. 5	<i>October 1, 2004</i>
Sec. 6	<i>October 1, 2004</i>
Sec. 7	<i>October 1, 2004</i>
Sec. 8	<i>October 1, 2004</i>